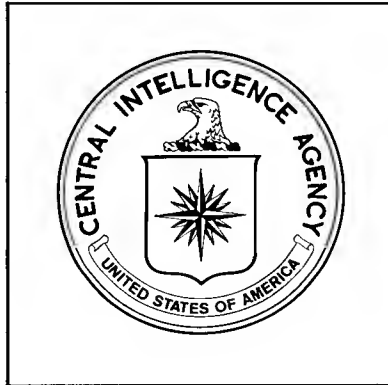


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## STAFF NOTES:

# Latin American Trends

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## LATIN AMERICAN TRENDS

This publication is prepared for regional specialists in the Washington community by the Western Hemisphere Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Panama: Government Seeks Treaty Support

Top administration officials have begun a series of visits that will eventually include most hemisphere nations in a quest for new commitments of support for Panama's position in the canal treaty negotiations with the US.

The round of trips was begun by the team of Vice President Sucre and Foreign Minister Tack, who on April 17 delivered to Brazilian President Geisel a letter of appreciation from General Torrijos for Brasilia's demonstrations of support. Later in April Tack met with two of the chiefs of state who had been present at last month's summit meeting in Panama City: Colombian President Lopez and Venezuelan President Perez. The foreign minister told the press that in addition to informing the two leaders about the status of the canal issue, he had discussed Panama's aspiration to gain a seat on the UN Security Council this fall and the meeting of the OAS scheduled for May. The Panamanians almost certainly hope to obtain an endorsement of their canal aspirations at that gathering. The canal negotiations was one topic covered by Torrijos during a whirlwind visit to Costa Rica, El Salvador, and Guatemala on April 23-5. In the case of Guatemala, however, the trip may have proved to be counterproductive, as the Laugerud government has strongly criticized Torrijos' violation of a promise not to reveal the substance of the discussions to the press.

One reason for the emphasis on securing commitments of foreign support is concern about the opposition to a new treaty in the US. The Panamanian media, which usually reflect the government's attitudes, are closely following developments in Congress and in Indochina to determine their impact on the treaty negotiations and the subsequent ratification

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process. Apparently reflecting this uncertainty, Panamanian officials both publicly and privately maintain that the US executive branch should continue to negotiate in good faith even if the prospects for congressional ratification are not bright. Torrijos' primary objective is still to get a domestically defensible draft treaty; he feels that at that point his international support could help persuade the Congress to ratify the pact. (CONFIDENTIAL/NO FOREIGN DISSEM)

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Peru: Still a Part-Time President

We continue to receive reports that President Velasco has been unable to resume his full duties as chief executive, following a stroke last February 28. Velasco attended a cabinet meeting earlier this month and met with the Australian prime minister in April 24, but information from [REDACTED] indicates that top military leaders doubt that he is as strong as he would like them to believe.

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There is no move yet to force the President to step down, and cabinet officers, including Prime Minister Morales Bermudez, feel that direct action against Velasco at this time would be unnecessary and counter-productive. They apparently will try instead to encourage Velasco's family in efforts to pressure him to lessen his workload or relinquish power.

Morales Bermudez' influence continues to grow in contrast to Velasco's sagging credibility. Not only is the prime minister able to draw on long-standing respect for his competence, but many officers apparently find his low-key, professional style of leadership a welcome change from Velasco's high-handed, arbitrary manner. We have received few details on how much power Morales Bermudez has exercised during Velasco's illness and lengthy convalescence. The picture is further clouded by Velasco's efforts--certain to continue--to impress those around him with his will to remain in power.

We continue to believe, however, that Morales Bermudez will gradually assume increasing responsibilities and solidify his position as Velasco's successor. Time is working against the President, and each day he is unable to reassert his authority lowers the odds that he will be able to hold on to an effective leadership position for an extended period.  
(SECRET/NO FOREIGN DISSEM/CONTROLLED DISSEM)

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Brazil: Communists and Congress

Security officials are seeking to discredit a number of opposition congressmen by publishing a list of legislators said to be linked to the illegal Communist Party. The information is based on extensive interrogations of an arrested former congressman who was a member of the Communist central committee and provided information on party organization and activities.

The published information says the Communist Party entered into contact with the congressmen prior to last fall's elections, in which the opposition made substantial gains, and supported their candidacies. Those named are among the most outspoken critics of government policies and alleged abuses of power, including torture and the holding of political prisoners. Although no charges have been placed against the congressmen, security officials have called for the arrest of five other individuals said to be Communists.

The security officials may hope eventually to force the cancellation of the mandates of at least some of the congressmen mentioned, thus depriving the opposition of some of its most effective leaders. There is, of course, precedent for removing members of congress. One deputy was stripped of his mandate as recently as last year and imprisoned after publicly insulting the visiting Chilean head of state.

Security officials undoubtedly realize that they need a much stronger case than they now appear to have to press for the ouster of one or more congressmen, given the climate of political liberalization fostered by President Geisel. Thus they may be content to let their recent action serve merely as a warning against further civilian attacks against them. (CONFIDENTIAL)

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Argentine President Strengthened

President Peron has emerged relatively unscathed from a series of meetings with labor and political leaders over the past three weeks. This, plus the fact that Mrs. Peron has gotten her wishes on the line of presidential succession, has strengthened her position considerably.

The meetings were held against a backdrop of rising criticism of Mrs. Peron's leadership and the government's inability to halt the economic decline. There were rumors that a dramatic confrontation would occur with labor bosses and politicians pushing for Lopez Rega's ouster. Some thought the military might join the campaign. Several sources also reported that labor was planning to demand a larger role in policy making.



*President Peron Addressing  
Labor Leaders*

Some of these issues were raised during the sessions but the outcome was generally inconclusive and anticlimactic. Criticism was aimed in Lopez Rega's direction and there were complaints about Gomez Morales' handling of the economy. The participants also pointed to the absence of presidential consultations with them. Mrs. Peron responded by stoutly defending all her ministers--particularly Lopez Rega and Gomez Morales--and

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promising to meet with her interlocutors more often.

An important factor in the turnabout of Mrs. Peron's political fortunes was the Peronist victory--however modest--in the provincial elections in Misiones on April 13. There was great fear in Peronist circles that leftists would make a good showing. When they failed, Lopez Rega was credited with masterminding the defeat. He also undoubtedly manipulated his son-in-law's reelection on April 25 to the presidency of the Chamber of Deputies, where he now stands next in line for the presidency.

Lopez Rega's roughshod tactics in the balloting for congressional offices will cause new strains in the government's political coalition, already beset by economic problems and labor's campaign for a greater share of power. Despite all this, public dissatisfaction with the government will have to worsen considerably before the President--or Lopez Rega--is seriously challenged.  
(SECRET/NO FOREIGN DISSEM)

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Colombia: Painful Memories

Colombia's state-owned radio network has reported the alleged political murder of a prominent Conservative Party leader. Such a report--particularly if true--must recall to many Colombians the violent 1940s and 1950s, a period during which virtually open warfare between Conservatives and Liberals claimed more than 100,000 lives.

In the present case, Conservative Hernando Alvarez Correa, a former national congressman and former mayor of Caicedonia in the Conservative strong hold of Valle Department, apparently drove into an ambush on a highway near Caicedonia. Alvarez Correa was questioned last year in connection with the murder of a Liberal Party official in the same area.

It is puzzling that the government radio network has suggested a political motivation for the murder, meaning in the Colombian context that it reflected differences between the two major parties rather than within either one of them individually. It is doubly puzzling in that the radio arm of the present Liberal administration has apparently implied that a Liberal killed Alvarez Correa.

The explanation of this anomaly probably lies in the government's apparent effort to play up guerrilla operations, crime, and even anti-government demonstrations to prepare the public for the implementation of a state of siege. It seems likely that a network copywriter, aware of a general guideline to make the most of crime and violence, decided independently to use the murder of a Conservative to rekindle fears of the inter-party Violencia.

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The murder itself was most likely a guerrilla attack, and can be dismissed as unfortunately one of many such operations in rural Colombia. The radio network's allusion to political violence can probably also be dismissed as the work of an overzealous writer. High administration officials must surely have seen to it by now that no further network mention of Liberal-Conservative warfare is made. Nevertheless, this presumably spurious reference, after so long a period of relative silence, must have sent a chill through both parties and perhaps resensitized them to this old--but not gone--issue. (CONFIDENTIAL)

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Sugar Producers To Seek Price Stabilization

According to a New York Times article on April 25, about 20 Latin American and Caribbean countries agreed during a closed-doors meeting last week in the Dominican Republic to lobby jointly at the May 15 meeting of the International Sugar Organization (ISO) in London for a stabilized sugar price at between 20 and 30 cents per pound. (The price of sugar has recently been 20 to 25 cents, compared with an all-time high of 65 cents last November.) While the Times story has not yet been confirmed, there is considerable evidence that the Latin American and Caribbean producers do intend to seek at least a minimum price structure. For the scheme to be successful and still avoid the label of an OPEC-style producer cartel, the ISO is an ideal forum because it includes a wide spectrum of both consumers and producers. The 20-cent minimum - 30-cent maximum is intended to ensure profitability for the producers without damaging long-term sales volume or imposing serious hardships on consumers.

The nations represented at the meeting in the Dominican Republic account for about half of the world's sugar exports but only 30 percent of the world's production. Cuba attended; Chile, Uruguay, Grenada, and Surinam refused invitations; and the United States and the British, French, US, and other Dutch dependencies in the Caribbean were not invited. Prior to the meeting, Cuba and Mexico were the strongest advocates of a sugar cartel, setting relatively high prices; even among those nations which ordinarily oppose such arrangements, however, there was general agreement on the need for somehow limiting the wide swings in sugar prices.

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Under the heading of related business and despite some serious disagreements, the delegates made substantial progress toward converting their ad hoc meetings into a permanent regional sugar institution. Proposed at the first producers' conference at Cozumel, Mexico, in November 1974, this new Group of Latin American and Caribbean Sugar Exporters will operate an information exchange service, promote technical cooperation, and do the groundwork for future regional and international sugar.

The conferees approved a budget of \$658,000 for a permanent secretariat in Mexico and agreed to finance expenditures by contributions based on each member's volume of sugar exports. At Brazil's insistence, draft statutes were dropped from the agenda and now will be transmitted to the individual governments for their comments. The secretariat will attempt to work out any objections and to obtain consensus on any necessary modifications. (CONFIDENTIAL)

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Ecuador: A Possible Image Problem--Again

Civilian politicians and journalists are continuing their anti-government propaganda campaign, encouraged by the Rodriguez administration's over-reaction to their preliminary attacks.

In mid-April, two prominent lawyers who have apparently been politically inactive during the Rodriguez years were arrested for complicity in the distribution of a document purporting to list journalists being paid by various government departments. One of the lawyers, Enrique Gallegos, may have been charged because he was a campaigner for populist Assad Bucaram, whose presidential potential in 1972 caused Rodriguez and the military to take power. The other, German Alarcon, has almost no political background, having headed the National Civil Registry and been an officer of the National Federation of Lawyers.

The government has also issued a vaguely worded arrest order for Julio Prado, the widely respected editorialist and former foreign minister who has been the most outspoken press critic of the regime. Prado is taking advantage of his situation by writing from underground. He has pledged to appear in court if he is charged with libel.

After several years of increasing technocratic sophistication, the military government is reacting to the sudden thrusts of opposition with all the sensitivity it showed in its early months. The progress achieved during the years since then could be jeopardized if the public's present image of the administration begins to sour. (SECRET/NO FOREIGN DISSEM)

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